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The President's Advisory Panel on Federal Tax Reform  
1440 New York Avenue, NW  
Suite 2100  
Washington, DC 20220

PRESIDENT'S ADVISORY  
PANEL  
ON FEDERAL TAX REFORM

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Dear Chairman Mack and Members of the Panel:

As you consider proposals to reform the Internal Revenue Code, we urge you to protect the Low Income Housing Tax Credit (Housing Credit) and tax-exempt private activity housing bond (Housing Bond) programs, the most important and effective tools States have to address our nation's growing need for affordable housing.

I ask that you carefully consider the impact of reform proposals on these programs. Even proposals that may seem to have no impact on the Housing Credit and Bond programs could have significant unintended consequences, as was discovered in 2003 when the Administration's dividend tax cut proposal threatened to reduce annual Housing Credit apartment production by more than one-third.

More than 14 million American working families of modest means spend at least 50 percent of their income on housing. Hundreds of thousands more live in substandard housing or are homeless. In Missouri, over 98,000 families spend more than 50 percent of their income for rent. The Housing Credit and Bond programs help address these unmet needs by making homeownership and rental housing affordable to those families.

The Housing Credit and multifamily Housing Bond programs have been enormously successful. Since 1986, they have financed over 2.7 million apartments for lower-income families. The two programs finance 130,000 apartments each year and are the only significant producers of affordable rental housing. These two programs assist in the production of approximately 3,000 affordable apartments a year in Missouri.

Single-family Housing Bonds—Mortgage Revenue Bonds (MRB)—have made first-time homeownership possible for more than 2.5 million lower income families—more than 100,000 every year. The average MRB buyer earns \$38,900—less than three-quarters of the national median family income. Last year, we assisted over 2,800 Missouri families purchasing their first home with Mortgage Revenue Bonds.

Recent significant reductions in federal appropriations for housing programs despite the growing need are exacerbating the problem of affordable housing in our urban centers and many rural communities in Missouri, making the Housing Credit and Bond programs even more important. Furthermore, these programs promote economic growth and increase employment opportunities in our State.

I urge you to oppose tax reform proposals that would directly or indirectly harm these vital programs.

Sincerely,

  
Erica A. Dobreff  
Executive Director